

## City of Tomball

# 2023 Water Wastewater and Gas Rate Study and Financial Forecast

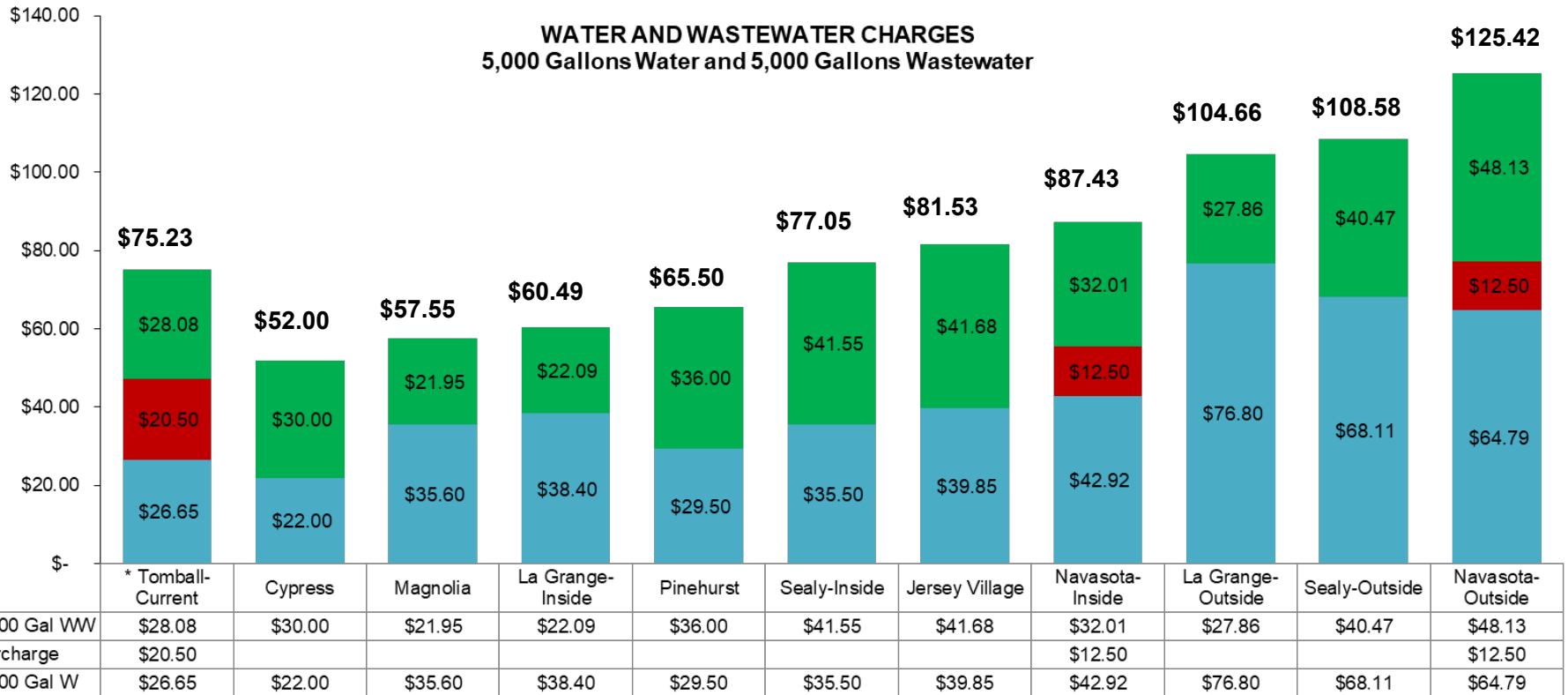
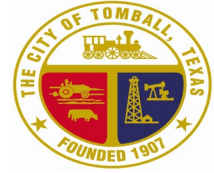
## Council Presentation



February 2024

# **Water and Wastewater Utility Analysis and Recommendations**

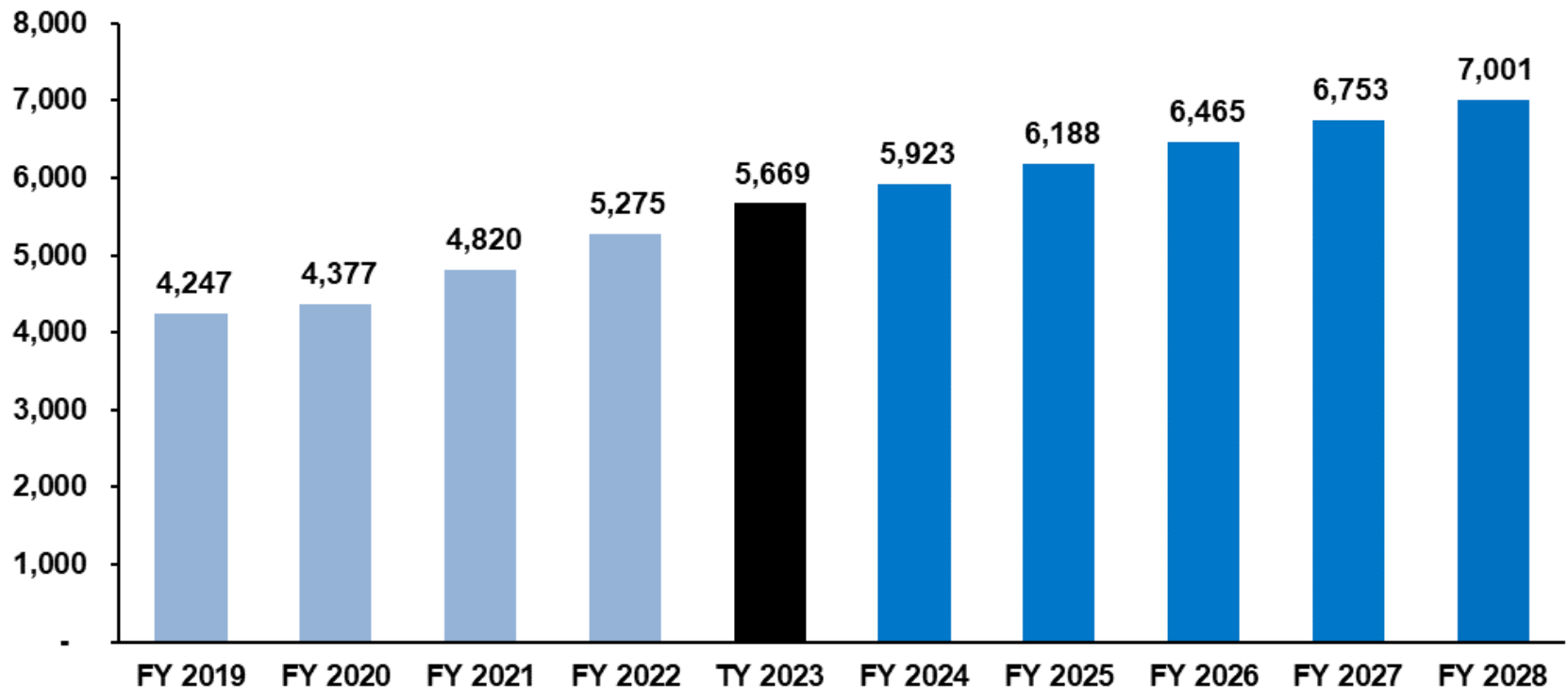
# Total Monthly Residential Charge 5,000 Gallons Water & 5,000 Gallons WW



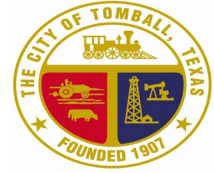
# Historical and Forecast Total Water Accounts Through FY 2028



Average Annual Growth Rate FY2023 thru FY2028 = 3.6%



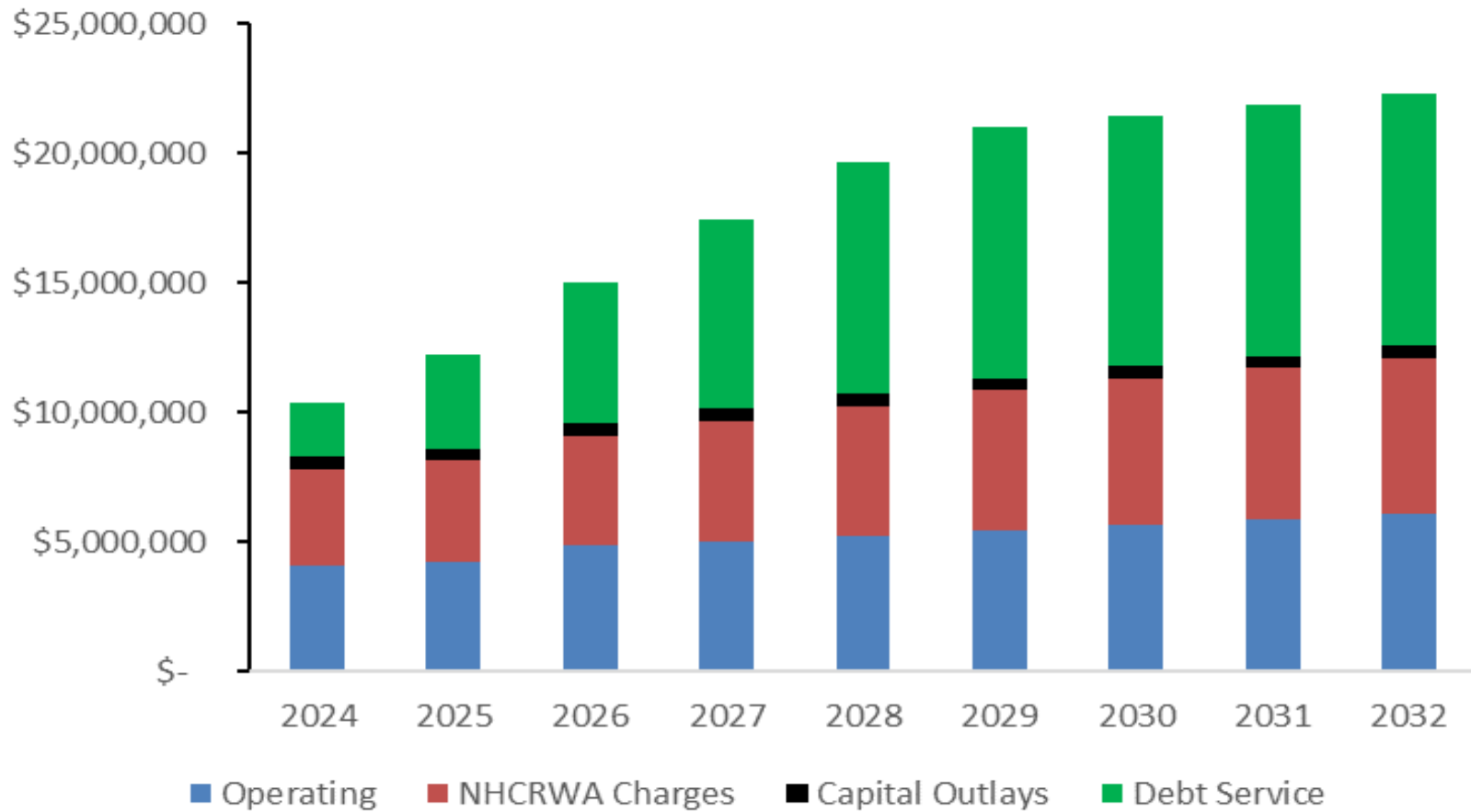
# Key Assumptions Driving Financial Forecast and Rate Plan



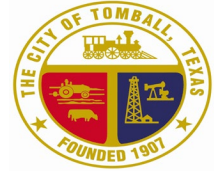
- Most personnel and operating expenses forecast to increase 3 - 4% per year
- Certain expenses projected to increase at higher rates due to growth -- meters, vehicle expense, chemicals, etc.
- **Biggest impacts on rate plan:**
  - NHCRWA costs
  - **\$138M** in Debt required to fund CIP



# Water and WW Cost of Service Forecast 2024 - 2028



# Proposed Water/Wastewater Long Term Rate Plan – Scenario I and II

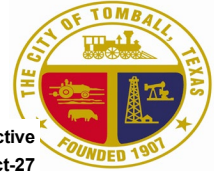


- 4-year rate plan with rate adjustments in October 2024 – October 2027
- Recommend standardizing minimum charges – at a future date implement meter equivalencies
- NHCRWA rate remains a pass-through
- Rate Plan Scenarios:
  - **Scenario I** -- Fully funds \$138M of new debt
  - **Scenario II** -- 50% of new debt service funded from tax revenue



# Scenario I

## Proposed Water and Wastewater Rate Plan

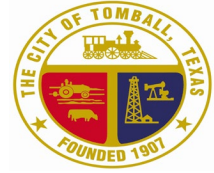


			Current		Effective Oct-24		Effective Oct-25		Effective Oct-26		Effective Oct-27
<b>WATER RATES - RESIDENTIAL</b>											
<b>Base Charge</b>											
	Current										
-	10,000	\$	11.55	\$	-	\$	-	\$	-	\$	-
10,001	15,000		13.29		-		-		-		-
15,001	Above		15.29		-		-		-		-
	<b>Uniform</b>		-		12.85		13.65		14.50		15.40
<b>Volume Rate Per 1,000 Gal</b>											
-	10,000		3.02		3.20		3.39		3.60		3.81
10,001	15,000		3.77		4.00		4.24		4.49		4.76
15,001	Above		4.72		5.00		5.30		5.62		5.96
<b>NHCRWA Surcharge Per 1,000 Gal</b>			3.60		3.80		4.00		4.20		4.40
<b>WATER RATES - COMMERCIAL</b>											
<b>Base Charge</b>											
	Current										
-	5,000		19.56		-		-		-		-
5,001	50,000		31.48		-		-		-		-
51,001	Above		55.11		-		-		-		-
	<b>Uniform</b>		-		29.10		30.85		32.75		34.75
<b>Volume Rate Per 1,000 Gal</b>											
-	5,000		3.66		3.88		4.11		4.36		4.62
5,001	50,000		4.58		4.85		5.15		5.45		5.78
51,001	Above		5.72		6.06		6.43		6.81		7.22
<b>NHCRWA Surcharge Per 1,000 Gal</b>			3.60		3.80		4.00		4.20		4.40
<b>WASTEWATER RATES - RESIDENTIAL</b>											
<b>Monthly Base Charge</b>		\$	10.23	\$	13.15	\$	16.85	\$	21.60	\$	25.95
<b>Volume Rate Per 1,000 Gal -- Winter Avg</b>			3.57		4.57		5.85		7.49		8.98
<b>WASTEWATER RATES - COMMERCIAL</b>											
<b>Base Charge</b>			24.91		31.95		40.90		52.40		62.90
<b>Volume Rate Per 1,000 Gal</b>											
-	5,000		4.53		5.80		7.42		9.50		11.40
5,001	51,000		5.65		7.23		9.26		11.85		14.22
51,001	Above		7.07		9.05		11.58		14.83		17.79



# Scenario I

## Impact on Monthly Charges



	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
<b>Residential Monthly Water/WW Charge</b>					
5,000 Gallons W; 5,000 WW	\$ 54.73	\$ 64.85	\$ 76.71	\$ 91.52	\$ 105.33
NHCRWA Surcharge	18.00	19.01	20.02	21.02	22.02
<b>Total</b>	<b>72.73</b>	<b>83.86</b>	<b>96.73</b>	<b>112.53</b>	<b>127.36</b>
Dollar Inc		\$ 11.13	\$ 12.87	\$ 15.81	\$ 14.82
Percent Inc		15.3%	15.3%	16.3%	13.2%
10,000 Gallons W; 5,000 WW	\$ 69.83	\$ 80.86	\$ 93.68	\$ 109.50	\$ 124.40
NHCRWA Surcharge	36.00	38.02	40.03	42.03	44.05
<b>Total</b>	<b>105.83</b>	<b>118.88</b>	<b>133.71</b>	<b>151.54</b>	<b>168.45</b>
Dollar Inc		\$ 13.05	\$ 14.83	\$ 17.83	\$ 16.91
Percent Inc		12.3%	12.5%	13.3%	11.2%
<b>Commercial Monthly Water/WW Charge</b>					
20,000 Gallons W/ 20,000 WW	\$ 250.79	\$ 290.74	\$ 345.47	\$ 414.00	\$ 477.77
NHCRWA Surcharge	72.00	76.03	80.06	84.06	88.10
<b>Total</b>	<b>322.79</b>	<b>366.77</b>	<b>425.53</b>	<b>498.07</b>	<b>565.87</b>
Dollar Inc		\$ 43.98	\$ 58.76	\$ 72.54	\$ 67.80
Percent Inc		13.6%	16.0%	17.0%	13.6%

# Scenario II

## Proposed Water and Wastewater Rate Plan



			Current		Effective Oct-24		Effective Oct-25		Effective Oct-26		Effective Oct-27
<b>WATER RATES - RESIDENTIAL</b>											
<b>Base Charge</b>	<b>Current</b>										
-	10,000	\$	11.55	\$	-	\$	-	\$	-	\$	-
10,001	15,000		13.29		-		-		-		-
15,001	Above		15.29		-		-		-		-
	<b>Uniform</b>		-		12.50		12.90		13.30		13.70
<b>Volume Rate Per 1,000 Gal</b>											
-	10,000		3.02		3.11		3.20		3.30		3.40
10,001	15,000		3.77		3.88		4.00		4.12		4.24
15,001	Above		4.72		4.86		5.01		5.16		5.31
<b>NHCRWA Surcharge Per 1,000 Gal</b>			3.60		3.80		4.00		4.20		4.40
<b>WATER RATES - COMMERCIAL</b>											
<b>Base Charge</b>	<b>Current</b>										
-	5,000		19.56		-		-		-		-
5,001	50,000		31.48		-		-		-		-
51,001	Above		55.11		-		-		-		-
	<b>Uniform</b>		-		28.30		29.15		30.05		31.00
<b>Volume Rate Per 1,000 Gal</b>											
-	5,000		3.66		3.77		3.88		4.00		4.12
5,001	50,000		4.58		4.72		4.86		5.00		5.15
51,001	Above		5.72		5.89		6.07		6.25		6.44
<b>NHCRWA Surcharge Per 1,000 Gal</b>			3.60		3.80		4.00		4.20		4.40
<b>WASTEWATER RATES - RESIDENTIAL</b>											
<b>Monthly Base Charge</b>		\$	10.23	\$	12.30	\$	14.80	\$	17.80	\$	19.60
<b>Volume Rate Per 1,000 Gal -- Winter Avg</b>			3.57		4.28		5.14		6.17		6.79
<b>WASTEWATER RATES - COMMERCIAL</b>											
<b>Base Charge</b>			24.91		29.95		35.95		43.15		47.50
<b>Volume Rate Per 1,000 Gal</b>											
-	5,000		4.53		5.44		6.52		7.83		8.61
5,001	51,000		5.65		6.78		8.14		9.76		10.74
51,001	Above		7.07		8.48		10.18		12.22		13.44

# Scenario II

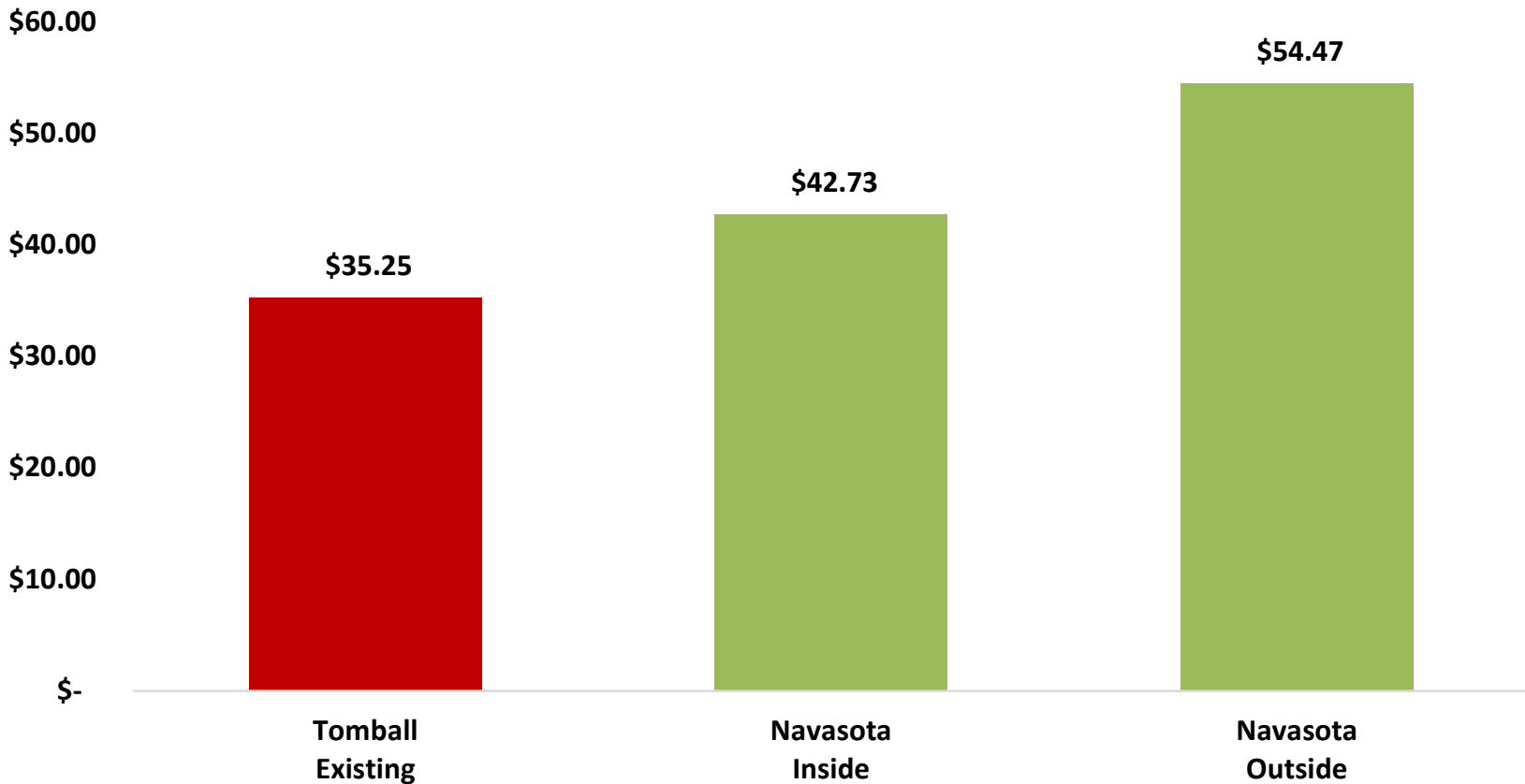
## Impact on Monthly Charges



	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
<b>Residential Monthly Water/WW Charge</b>					
5,000 Gallons W; 5,000 WW	\$ 54.73	\$ 61.77	\$ 69.42	\$ 78.44	\$ 84.22
NHCRWA Surcharge	18.00	19.01	20.02	21.02	22.02
<b>Total</b>	<b>72.73</b>	<b>80.78</b>	<b>89.44</b>	<b>99.46</b>	<b>106.25</b>
Dollar Inc		\$ 8.05	\$ 8.66	\$ 10.02	\$ 6.79
Percent Inc		11.1%	10.7%	11.2%	6.8%
10,000 Gallons W; 5,000 WW	\$ 69.83	\$ 77.33	\$ 85.44	\$ 94.95	\$ 101.22
NHCRWA Surcharge	36.00	38.02	40.03	42.03	44.05
<b>Total</b>	<b>105.83</b>	<b>115.34</b>	<b>125.47</b>	<b>136.98</b>	<b>145.27</b>
Dollar Inc		\$ 9.51	\$ 10.13	\$ 11.50	\$ 8.29
Percent Inc		9.0%	8.8%	9.2%	6.1%
<b>Commercial Monthly Water/WW Charge</b>					
20,000 Gallons W/ 20,000 WW	\$ 250.79	\$ 276.74	\$ 312.05	\$ 353.85	\$ 380.57
NHCRWA Surcharge	72.00	76.03	80.06	84.06	88.10
<b>Total</b>	<b>322.79</b>	<b>352.77</b>	<b>392.12</b>	<b>437.92</b>	<b>468.67</b>
Dollar Inc		\$ 29.98	\$ 39.34	\$ 45.80	\$ 30.75
Percent Inc		9.3%	11.2%	11.7%	7.0%

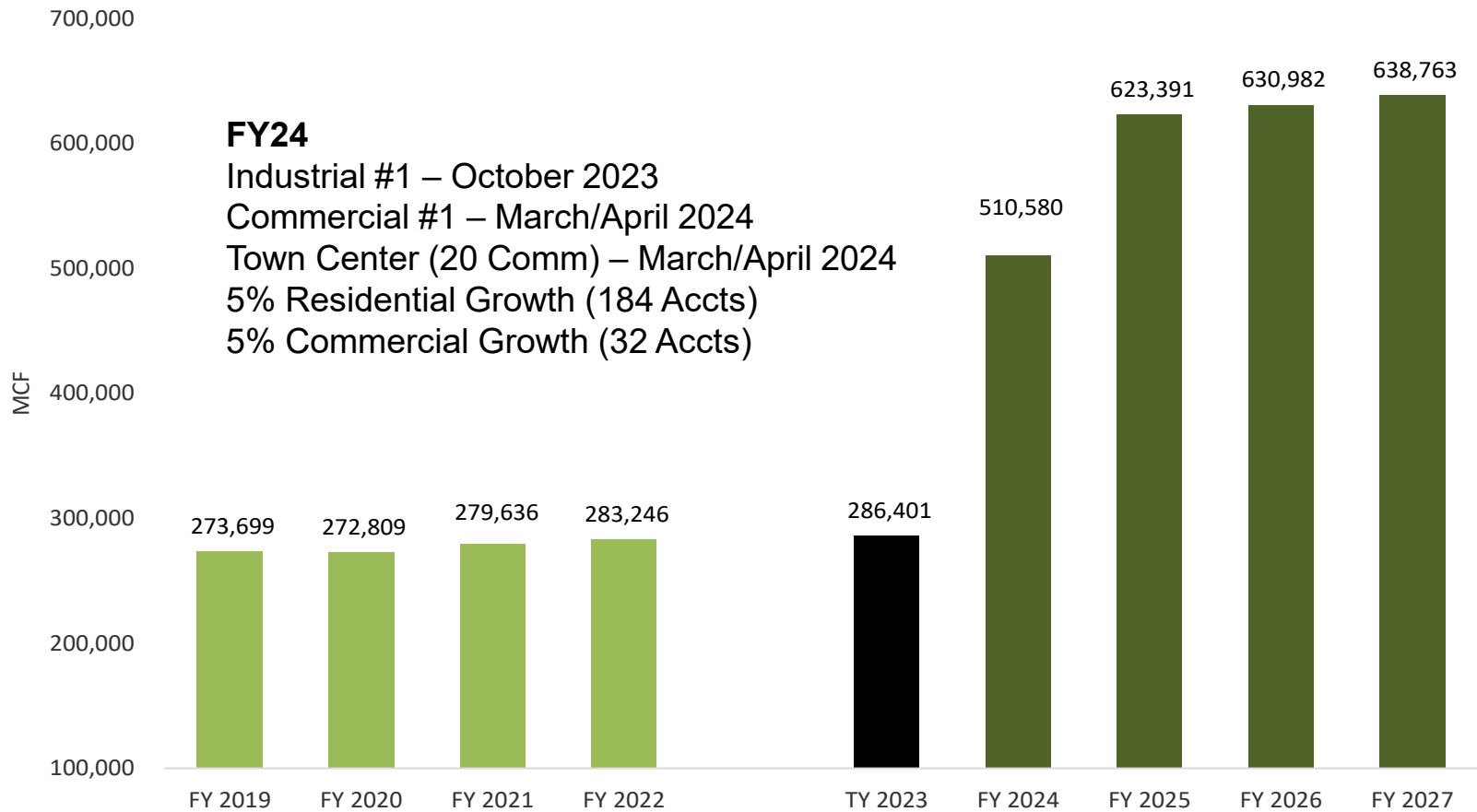
# **Gas Utility Analysis and Recommendations**

# Comparison of Average Residential Cost Per Month for 3 MCF



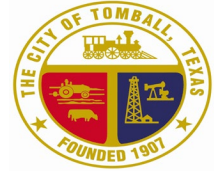


# Historical and Forecast Natural Gas Sales



5% Annual Account Growth Plus New Commercial Customers

# Natural Gas Alt 1 - Cost of Service Residential Rate Recommendation



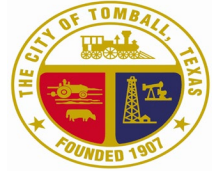
<b>GAS</b>	<b>Current</b>	<b>Effective Dec-23</b>	<b>Effective Oct-24</b>	<b>Effective Oct-25</b>	<b>Effective Oct-26</b>	<b>Effective Oct-27</b>
<b>Residential</b>						
<b>Base Charge</b> Includes 1 MCF	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75
<b>Usage Charge Per MCF</b>	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75
<b>Commercial</b>						
<b>Base Charge</b> Includes 1 MCF	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75
<b>Usage Charge Per MCF</b>	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75



# Presentation Summary

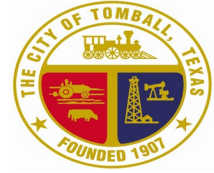


# W & WW, Natural Gas Consolidated Residential Rate Impacts – Scen I



	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
<b>RESIDENTIAL Rates</b>					
<b>Water Rates</b>					
10,000 Gallons	\$ 41.75	\$ 44.86	\$ 47.58	\$ 50.47	\$ 53.53
NHCRWA Surcharge	36.00	38.02	40.03	42.03	44.05
<b>Wastewater Rates</b>					
5,000 Gallons	28.08	36.00	46.10	59.03	70.87
<b>Gas Rates</b>					
3 MCF	35.25	35.25	35.25	35.25	36.25
<b>TOTAL MONTHLY CHARGES</b>	<b>141.08</b>	<b>154.13</b>	<b>168.96</b>	<b>186.79</b>	<b>204.70</b>
Difference - \$		13.05	14.83	17.83	17.91
Difference - %		8.5%	8.8%	9.5%	8.8%

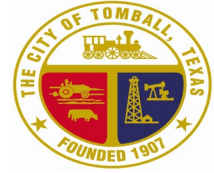
# W & WW, Natural Gas Consolidated Residential Rate Impacts – Scen II



	Current	Effective Oct-24	Effective Oct-25	Effective Oct-26	Effective Oct-27
<b>RESIDENTIAL Rates</b>					
<b>Water Rates</b>					
10,000 Gallons	\$ 41.75	\$ 43.61	\$ 44.94	\$ 46.30	\$ 47.69
NHCRWA Surcharge	36.00	38.02	40.03	42.03	44.05
<b>Wastewater Rates</b>					
5,000 Gallons	28.08	33.72	40.50	48.64	53.53
<b>Gas Rates</b>					
3 MCF	35.25	35.25	35.25	35.25	36.25
<b>TOTAL MONTHLY CHARGES</b>	<b>141.08</b>	<b>150.59</b>	<b>160.72</b>	<b>172.23</b>	<b>181.52</b>
Difference - \$		9.51	10.13	11.50	9.29
Difference - %		6.3%	6.3%	6.7%	5.1%

# Presentation Summary

## Benefits of Proposed Rate Plan



- No increase in gas costs over 5 years
- Will enable utility to recover all of its operating costs without subsidies from General Fund
- Will allow for \$60 -- \$120 million in investment in the future of the City
- Will result in a healthy utility fund that meets its financial goals





# Questions?